

## Message Text

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E.O. 11652: N/A

TAGS: FAO, OCON, EAGR

SUBJ: NINETEENTH SESSION OF FAO INTERGOVERNMENTAL GROUP ON  
RICE, ROME, MARCH 29-APRIL 2, 1976.

1. REPRESENTATIVES FROM 45 COUNTRIES, THE EC AND 9  
INTERNATIONAL ORGANIZATIONS ATTENDED THE 19TH SESSION OF  
INTERGOVERNMENTAL GROUP ON RICE SESSION. POLAND ONLY SOVIET  
BLOC PARTICIPANT. CHINA WAS NOT REPRESENTED.

2. MR. A.A.W. LANDYMORE (UK) WAS ELECTED CHAIRMAN; MR.  
S. MOELJONO (INDONESIA) AND MR. H. DIES TAMAYO (COLOMBIA)  
FIRST AND SECOND VICE-CHAIRMEN, RESPECTIVELY.

3. U.S. DELEGATION WAS COMPOSED OF MESSRS. LEE SCHATZ,  
FAS, USDA; PAUL FINDLEN, FAS, USDA; CHARLES HIGGINSON, U.S.  
EMBASSY, ROME; STEVE MOORE, ASCS, USDA.

4. WORKING PARTY ON THE CURRENT RICE SITUATION CONCLUDED  
THAT (1) EXPORT AVAILABILITIES ARE IN EXCESS OF LIKELY  
IMPORTS, AND HAVE THUS MAINTAINED DOWNWARD PRESSURE ON PRICES;  
(2) FORECAST STOCK INCREASE TO 15 MILLION TONS EXCLUDING USSR  
AND CHINA IN 1976 WOULD STILL BE BELOW FAO ESTIMATE OF  
MINIMUM SAFE LEVEL OF STOCK OF RICE OF 19 TO 20 MILLION TONS;  
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(3) RECENT PRICE DECLINE AND EASY SUPPLY SITUATION COULD BE

DISINCENTIVE TO INCREASED WORLD PRODUCTION WHICH IS NECESSARY TO IMPROVE WORLD FOOD POSITION; (4) CURRENT EASY SUPPLY SITUATION PROVIDES OPPORTUNITY FOR STOCK BUILDING IN VIEW OF OBJECTIVES OF FOOD SECURITY, BUT THAT ABILITY TO BUILD STOCKS IS LIMITED DUE TO FINANCIAL AND OTHER RESTRAINTS.

5. WITH REGARD TO WORLD FOOD SECURITY, CONCERN WAS EXPRESSED OVER POSSIBLE DISINCENTIVE TO PRODUCTION CAUSED BY CURRENT DEPRESSED PRICES AND EASY RICE SUPPLIES. GROUP (1) EMPHASIZED THAT MOST IMPORTANT ELEMENT IN STRATEGY FOR WORLD FOOD SECURITY WAS ACCELERATION OF FOOD PRODUCTION AND PRODUCTIVITY, ESPECIALLY IN DEVELOPING COUNTRIES; (2) RECOGNIZED THAT CURRENT AND PROSPECTIVE RICE STOCKS WERE NOT ADEQUATE TO PROVIDE NECESSARY DEGREE OF FOOD SECURITY, ESPECIALLY AS STOCKS OF OTHER GRAINS ARE ALSO LOW; (2) NOTED THAT WHILE RICE STOCKS WERE EXPECTED TO INCREASE IN 1976, THEY APPEARED TO BE UNEVENLY DISTRIBUTED BETWEEN IMPORTING AND EXPORTING COUNTRIES AND THOSE WHO HAD ESTABLISHED STOCK TARGETS AND THOSE WHO HAD YET TO DO SO. GROUP EMPHASIZED NEED FOR WORLD FOOD SECURITY STOCKS OF RICE REQUIRES MORE WORK ON HOW TO ISOLATE SECURITY STOCKS FROM WEIGHING DOWN CURRENT MARKET PRICES.

6. GROUP RECOMMENDED THAT IT BE CONSIDERED THAT (2) MULTILATERAL AID-GIVING AGENCIES SHOULD INCREASE FOOD AID LEVELS OF RICE WHEREVER POSSIBLE AND APPROPRIATE AND THAT "TRIANGULAR TRANSFERS" BE PROMOTED TO THE MAXIMUM EXTENT POSSIBLE; (B) DEVELOPED COUNTRIES WHERE STOCKS HAVE ACCUMULATED SHOULD CONSIDER EARMARKING LARGER QUANTITIES FOR MEETING EMERGENCY REQUIREMENTS.

7. GROUP RECEIVED NEW REPORT ON INDONESIAN RICE POLICY AND UPDATES ON POLICIES OF SEVERAL OTHER COUNTRIES. REPORT ON CHANGES IN U.S. RICE POLICY EXPLAINED EFFECT OF NEW LEGISLATION. IT WAS CONTENDED BY SOME REPRESENTATIVES THAT NEW U.S. RICE PROGRAM WOULD RESULT IN LOWER PRICES FOR U.S. RICE AND INCREASED INTERFERENCE IN COMMERCIAL RICE TRADE BY SALES OF U.S. RICE ON CONCESSIONAL TERMS. U.S. RESPONSE INDICATED THAT U.S. WILL CONTINUE TO FOLLOW THE FAO PRINCIPLES OF SURPLUS DISPOSAL AND THE CONSULTATIVE PROCEDURES, AND THAT UNDER NEW PROGRAM U.S. RICE FARMERS WOULD PRODUCE IN RESPONSE

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TO COMMERCIAL PRICES.

8. NEXT MEETING WILL BE IN 1977 WITH EXACT DATE AND PLACE LEFT TO BE DECIDED BY DIRECTOR-GENERAL IN CONSULTATION WITH CHAIRMAN. PHILIPPINES MADE VAGUE SUGGESTION TO HOST NEXT OR SUBSEQUENT MEETING WHICH RECEIVED STRONG ASIAN SUPPORT. U.S., AUSTRALIA AND AFRICAN COUNTRIES OBJECTED ALONG WITH SECRETARIAT WHO INDICATED PREFERENCE FOR ROME.

9. IN TOTO, MEETING WENT SMOOTHLY AND WITHOUT ANY ACRIMONIOUS  
DEBATE. AS REPORTED ABOVE, DOMINANT NOTE WAS PROBLEM OF LOWER  
RICE PRICES AND HOW EXISTING RICE STOCKS RELATE TO PRICES.VOLPE

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